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## CONTROL – ESSENTIAL FACTOR OF ORGANISATIONAL PERFORMANCE

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**Abstract:**

*An important feature of the people – organisation relationship is the need for control. Control systems exist in all spheres of the operations of the organisation and are necessary part of the process of management.*

*Control is concerned with gauging the measure of success in achieving the goals and objectives of the organisation. Control is an integral part of the process of management. The manager needs to understand the nature of power and control in order to improve organisational performance (Mullins, L.J. 1983).*

*Management control is primarily a process for motivating and inspiring people to perform organization activities that will further the organization's goals. It is also a process for detecting and correcting unintentional performance errors and intentional irregularities, such as theft or misuse of resources (Berry, A.L., Broadbent, J., Otley, D. 1995).*

**Keywords:** control, organizational performance, management control

### Introduction

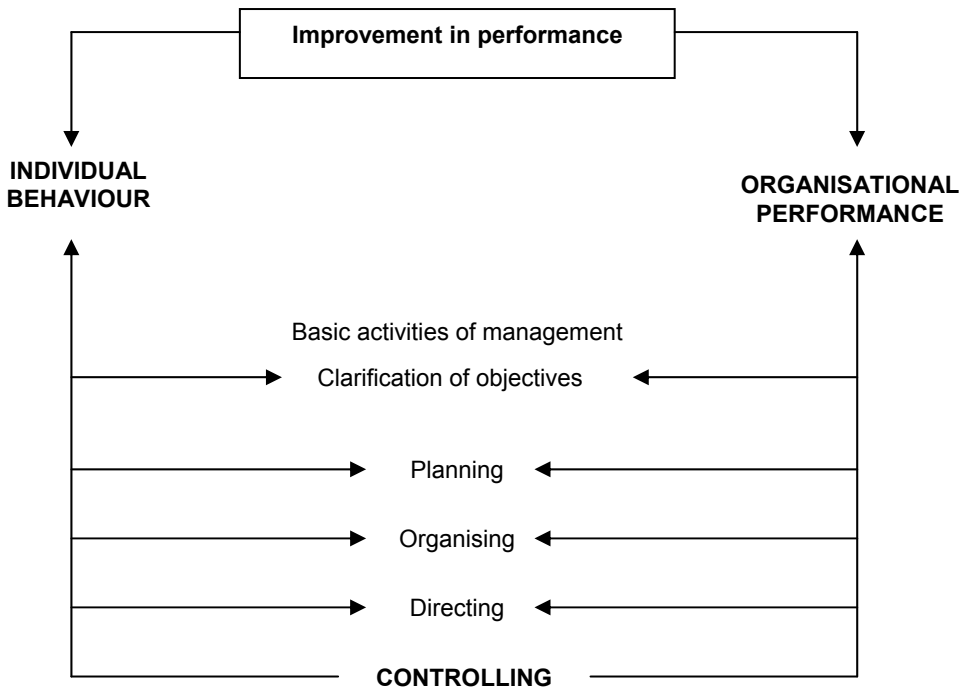
The process of control is at the centre of the exchange between the benefits that the individual derives from membership of an organisation and the cost of such benefits. By their very nature, control systems are concerned with the regulation of behaviour. Organizations require a certain amount of conformity as well as the integration of diverse activities. It is the function of control to bring about conformance to organizational requirements of the organization (Tannenbaum, A.S., 1968). By their very nature, control systems are concerned with the regulation of behaviour.

Control is not only a function of the formal organisation and a hierarchical structure of authority. It is also a feature of organisational behaviour and a function of interpersonal influence (Johnson, P. 1993). Control is, therefore, a general concept which is applied to both individual behaviour and organisational performance.

### Contents

At the organisational level, management needs to exercise „control” over the behaviour and actions of staff in order to ensure a satisfactory level of performance. Managerial control systems are a means of checking progress to determine whether

the objectives of the organisation are being achieved. Control completes the cycle of managerial activities. It involves the planning and organisation of work functions, and guiding and regulating the activities of staff. Control provides a check on the execution of work and on the success or failure of the operations of the organisation. The whole purpose of management control is the improvement in performance at both the individual and organisational level (fig. 1).



**Fig. 1. The nature of management control** (5. Laurie J. Mullins, 1999)

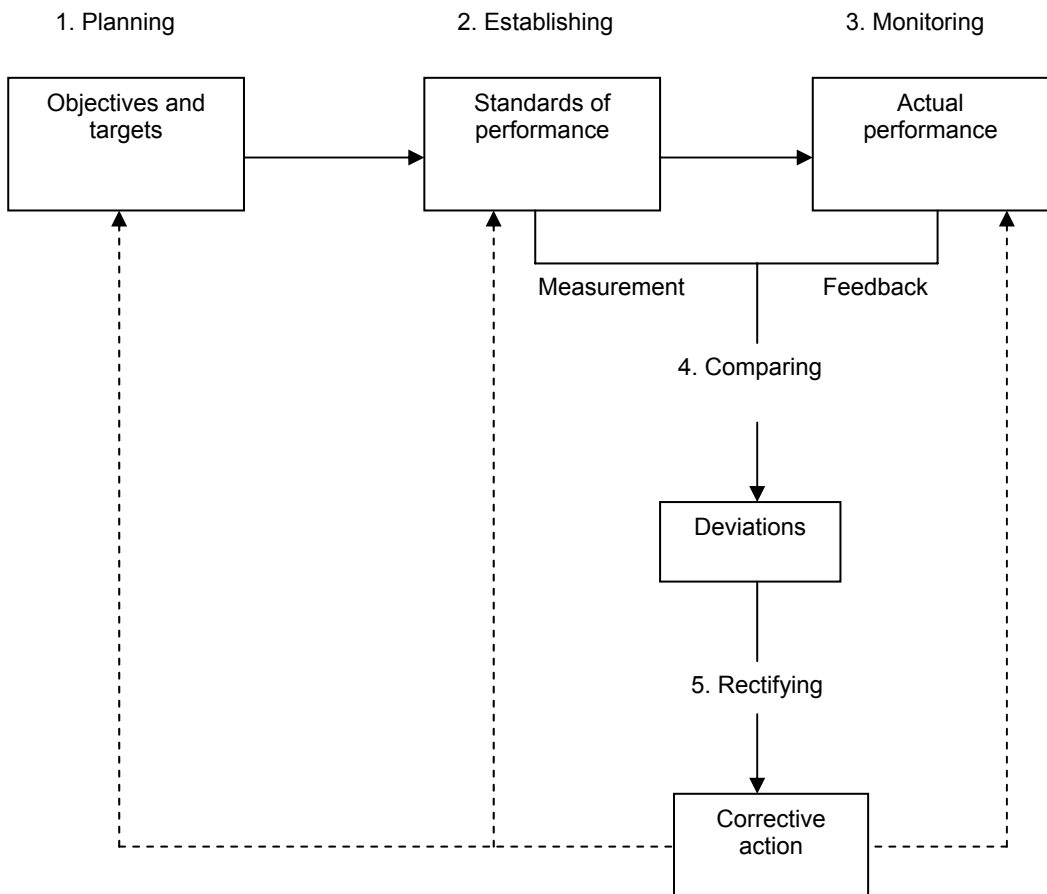
The classical writers placed emphasis on structure and formal organisation, sets of principles to guide managerial actions, standardised procedures and the assumption of rational and logical behaviour. Writers who place emphasis on the technical requirements of the organisation tend to support a high level of control as necessary for efficiency. For example, Fayol (1949) describes control as follows: „In an undertaking control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established. It has for object to point out weaknesses and errors in order to rectify them and prevent recurrence. It operates on everything, things, people, actions”.

The human relations approach places on the social organisation, and on the importance of groups and informal relationships. Those writers who place emphasis on the social needs of individuals within the work organisation see a high level of control as self-defeating. It produces a negative response, increases internal conflict or results only in short-term improvement in performance (Blake, R.R., Mouton, J.S. 1985).

Control should not be seen therefore, only in the sense that it suggests close and constant supervision or as an organisational constraint on freedom of action by the individual.

In terms of the open systems model of the organisation, control emphasises the interrelationships among inputs, outputs and the series of activities which lead to the outputs. Control can be seen as a mediator between the input and output processes. It helps to maintain the working of the organisational system. The organisation as an open system is subject to changes in its environment. The operation of management control systems will need, therefore, to be responsive to external influences.

Whatever the nature of control there are five essential elements in a management control system (fig. 2) : planning what is desired; establishing standards of performance; monitoring actual performance; comparing actual achievement against the planned target; rectifying and taking corrective action.



***Fig. 2. The five essential stages of management control***

Planning what is desired involves clarification of the aims to be achieved. It is important that people understand exactly that objectives and targets are specified clearly, particularly key activities and given some measurable attribute. Planning provides the framework against which the process of control takes place.

Related to planning is the establishment of defined standards of performance against which the level of success can be determined. This requires realistic measurements by which the degree and quality of goal achievement can be determined. Whenever possible these measurements should be stated in quantitative terms. Planning and measurement are prerequisites of control. Without them there can be no control. Objectives and targets, and standards of performance, should be stated clearly and communicated to those concerned, and to those who are subject to the operation of the control system.

The third aspect of control is the need for a means of monitoring actual performance. This requires feedback and a system of reporting information which is accurate, relevant and timely, and in a form that enables management to highlight deviations from the planned standard of performance. Feedback also provides the basis for decisions to adjust the control system, for example the need to revise the original plan. Feedback should relate to both the desired results and the means designed to achieve them.

Next, it is necessary to compare actual performance against planned targets. This requires a means of interpreting and evaluating information in order to give details of progress, reveal deviations, and identify probable causes. This information should be fed back to those concerned to let them know how well they are getting on.

The final element of a management control system is the taking of corrective action to rectify the situation which has led to the failure to achieve objectives or targets, or other forms of deviations identified. This requires consideration of what can be done to improve performance. It requires the authority to take appropriate action to correct the situation, to review the operation of the control system and to make any necessary adjustments to objectives and targets or to the standards of performance.

The study of control in organisations includes selection and training, socialisation processes, bureaucracy, formalisation and the measurement of outputs (Ouchi, W.G., Maguire, M.A. 1980).

### **Conclusions**

Control is far-reaching, it can serve a number of functions and can be manifested in a number of different forms. Control systems can focus on the measurement of inputs, outputs, processes or the behaviour of people. Controls can be concerned with general results or with specific actions. Controls can be concerned with an evaluation of overall performance of the organisation as a whole or with major parts of it. This requires broadly based standards of performance and remedies for corrective action. Total quality control, concerned with all areas of the organisation, can be seen as part of Total Quality Management programmes. Controls can be concerned with the measurement and performance of day-to-day operational activities. This calls for more specific standards of performance and speedy corrective action.

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